

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 SWF-02 AID-20 CEA-02 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02 SP-03

STR-08 TRSE-00 LAB-06 SIL-01 SAM-01 OMB-01 EA-11

XMB-07 OIC-04 L-03 DRC-01 /122 W

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R 211707Z MAY 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 6918

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PASS TREASURY AND EX-IM BANK

E.O. 11652: N/A

TAGS: EFIN, EEC

SUBJ: MEETING OF US, EC AND JAPANESE EXPERTS

ON EXPORT CREDITS, MAY 20

REF: STATE 102469

1. SUMMARY: AT THE MEETING OF EXPERTS REGARDING THE DETAILS OF COMPETING OFFICIAL CREDITS, INFORMATION WAS EXCHANGED ON THE INTEREST RATES AND CHARGES ASSOCIATED WITH DIFFERING SYSTEMS. END SUMMARY.

2. MUCH OF THE MEETING WAS TAKEN UP WITH A DISCUSSION BETWEEN THE EC AND JAPAN REGARDING THE NEED FOR A GENTLEMEN'S AGREEMENT. THE PRINCIPAL JAPANESE REPRESENTATIVE (KOBAYSHI OF JETRO--A SEMI-GOVERNMENTAL TRADE ORGANIZATION BASED IN LONDON) SAID THE JAPANESE WERE CONVINCED THAT SUCH AN AGREEMENT MIGHT LIMIT THEIR

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FLEXIBILITY IN OFFERING BILATERAL CREDITS WITH

"POLITICAL" OVERTONES. GEBERTH (FRG), SPEAKING FOR THE NINE, INDICATED THAT THE PURPOSES OF ANY SUCH AGREEMENT WERE TO PROVIDE A MINIMUM INTEREST RATE AND A MAXIMUM SET OF TERMS FOR ALL COMMERCIAL CREDITS, EVEN THOSE POLITICALLY MOTIVATED.

3. GEBERTH FURTHER EXPLAINED TO THE JAPANESE THAT ON THE INTEREST RATE QUESTION, THE EC GOAL WAS TO AGREE TO SEVEN PERCENT AS THE MINIMUM AVERAGE INTEREST RATE, I.E. THE MIX OF PUBLIC AND PRIVATE CREDITS. THE US REPRESENTATIVES (BLYBERG OF TREASURY AND CRUSE OF THE EX-IM BANK) EXPLAINED THAT THE US POSITION WAS THAT THE MINIMUM OFFICIAL INTEREST RATES SHOULD BE SEVEN PERCENT. THEY FURTHER EXPLAINED TO THE JAPANESE THAT THE US HELD A DIFFERENT VIEW OF CREDIT TERMS FROM THAT OF THE EC IN THAT THE US DID NOT ACCEPT THE EC PROPOSAL OF LIMITING TERMS TO 5, 8.5 AND 10 YEARS ACCORDING TO THE COUNTRY OF DESTINATION.

4. THE JAPANESE ALSO RAISED THE QUESTIONS OF MIXED CREDITS AND LOCAL COST FINANCING. GEBERTH SAID THE COMMUNITY PREFERRED TO CONSIDER THESE SUBJECTS AT A LATER DATE AND ARRIVE AT AN AGREEMENT AS SOON AS POSSIBLE ON INTEREST RATES AND TERMS. GREENWALD

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